

United States District Court

FOR THE
NORTHERN DISTRICT OF CALIFORNIA

VENUE: San Francisco

UNITED STATES OF AMERICA,

v.

DIANNE COBB, and
PAUL SLOANE DAVIS,

CR 13 720

CRB

DEFENDANT.

INDICTMENT

VIOLATIONS: 18 U.S.C. § 1349 – Conspiracy; 18 U.S.C. § 1341 – Mail Fraud;
18 U.S.C. § 1343 – Wire Fraud; 18 U.S.C. § 2 – Aiding and Abetting;
18 U.S.C. § 1028A(a)(1) – Aggravated Identity Theft; 18 U.S.C. § 981(A)(1)(C),
28 U.S.C. § 2461(C) – Forfeiture

A true bill.

Nancy J. Peterson
Foreman

Filed in open court this 31st day of

Kurtz

October 2013

KAREN L. F. J.

Clerk

JOSEPH C. SPERO
UNITED STATES MAGISTRATE JUDGE
Bail, \$ no bail arrest warrant

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT
 BY: ☐ COMPLAINT ☐ INFORMATION ☒ INDICTMENT
☐ SUPPLEMENTING
OFFENSE CHARGED
 18 U.S.C. § 1349 – Conspiracy; 18 U.S.C. § 1341 – Mail Fraud
 18 U.S.C. § 1343 – Wire Fraud; 18 U.S.C. § 2 – Aiding and
 Abetting; 18 U.S.C. § 1028A(a)(1) – Aggravated Identity
 Theft; 18 U.S.C. § 981(A)(1)(C); 28 U.S.C. § 2240(1) –
 Forfeiture

☐ Petty
☐ Minor
☐ Misdemeanor
☒ Felony

 PENALTY: Counts 1 thru 14: 20 years' imprisonment; fine greater of \$250,000
 or 2x gross gain/loss; 3 years supervised release; \$100 S/A; Counts
 15 thru 20: 2 years' imprisonment, consecutive to the sentence for
 the underlying offense, \$100 special assessment

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

DEFENDANT - U.S.

DIANNE COBB

DISTRICT COURT NUMBER

CR 13 720

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

FEDERAL BUREAU OF INVESTIGATION

☐ person is awaiting trial in another Federal or State Court,
 give name of court

☐ this person/proceeding is transferred from another district
 per (circle one) FRCrp 20, 21, or 40. Show District

☐ this is a reprosecution of
 charges previously dismissed
 which were dismissed on motion
 of:

☐ U.S. ATTORNEY ☐ DEFENSE
SHOW
DOCKET NO.
☐ this prosecution relates to a
 pending case involving this same
 defendant
MAGISTRATE
CASE NO.
☐ prior proceedings or appearance(s)
 before U.S. Magistrate regarding this
 defendant were recorded under

Name and Office of Person

Furnishing Information on this form MELINDA HAAG

☒ U.S. Attorney ☐ Other U.S. Agency

Name of Assistant U.S.

Attorney (if assigned)

THOMAS E. STEVENS, AUSA

DEFENDANT**IS NOT IN CUSTODY**
 1) ☒ Has not been arrested, pending outcome this proceeding.
 If not detained give date any prior
 summons was served on above charges
2) ☐ Is a Fugitive3) ☐ Is on Bail or Release from (show District)**IS IN CUSTODY**4) ☐ On this charge5) ☐ On another conviction
☐ Federal ☐ State
6) ☐ Awaiting trial on other charges

If answer to (6) is "Yes", show name of institution

 Has detainer ☐ Yes
 been filed? ☐ No

 If "Yes"
 give date
 filed
DATE OF
ARREST

Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED
TO U.S. CUSTODY

Month/Day/Year

☐ This report amends AO 257 previously submitted
ADDITIONAL INFORMATION OR COMMENTS**PROCESS:**
☐ SUMMONS ☐ NO PROCESS* ☒ WARRANT

Bail Amount: NBW

If Summons, complete following:

☐ Arraignment ☐ Initial Appearance

Defendant Address:

 * Where defendant previously apprehended on complaint, no new summons or
 warrant needed, since Magistrate has scheduled arraignment

Date/Time:

Before Judge:

Comments:

AO 257 (Rev. 6/78)

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT
 BY: ☐ COMPLAINT ☐ INFORMATION ☒ INDICTMENT
☐ SUPERSEDING
OFFENSE CHARGED
 18 U.S.C. § 1349 - Conspiracy; 18 U.S.C. § 1341 - Mail Fraud; ☐ Petty
 18 U.S.C. § 1343 - Wire Fraud; 18 U.S.C. § 2 - Aiding and
 Abetting; 18 U.S.C. § 981(A)(1)(C), 28 U.S.C. § 2461(C) -
 Forfeiture

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☐ Misdemeanor
☒ Felony

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SAN FRANCISCO DIVISION

DEFENDANT - U.S.

PAUL SLOANE DAVIS

DISTRICT COURT NUMBER

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Name of Complainant Agency, or Person (& Title, if any)

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 defendant were recorded under

 Name and Office of Person
 Furnishing Information on this form MELINDA HAAG
☒ U.S. Attorney ☐ Other U.S. Agency

 Name of Assistant U.S.
 Attorney (if assigned) THOMAS E. STEVENS, AUSA
IS NOT IN CUSTODY
 1) ☒ Has not been arrested, pending outcome this proceeding.
 If not detained give date any prior
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 If "Yes"
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 warrant needed, since Magistrate has scheduled arraignment

Date/Time:

Before Judge:

Comments:

MELINDA HAAG (CABN 132612)
United States Attorney

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

UNITED STATES OF AMERICA,) Case No.
Plaintiff,) <u>VIOLATIONS</u> : 18 U.S.C. § 1349 – Conspiracy;
v.) 18 U.S.C. § 1341 – Mail Fraud; 18 U.S.C. § 1343 –
) Wire Fraud; 18 U.S.C. § 2 – Aiding and Abetting;
DIANNE COBB, and) 18 U.S.C. § 1028A(a)(1) – Aggravated Identity
PAUL SLOANE DAVIS,) Theft; 18 U.S.C. § 981(A)(1)(C), 28 U.S.C. § 2461(C)
Defendants.) – Forfeiture
) SAN FRANCISCO VENUE

INDICTMENT

The Grand Jury charges:

Introduction

1. Defendant DIANE COBB (“COBB”) resided in the Northern District of California and in Las Vegas, Nevada. COBB owned and controlled a lending and financial services company known as DM Financial, located in Marin County, California. COBB was, at various times and in various jurisdictions, a licensed mortgage loan originator.

2. Defendant PAUL SLOANE DAVIS (“DAVIS”) resided in the Northern District of California and in Las Vegas, Nevada. DAVIS held himself out to investors as COBB’s business partner, and a manager of DM Financial. DAVIS assisted COBB in the operation of DM Financial.

INDICTMENT

The Scheme to Defraud

Manner and Means of the Scheme to Defraud

7. As a further part of the scheme to defraud, COBB prepared and sent to investors fictitious promissory notes and deeds of trust for purported bridge loan agreements which, as the defendants knew, did not exist. These documents reflected the identities (often including forged signatures) of actual persons, who had not applied for bridge loans, were unaware that DM Financial was using their

INDICTMENT

identities on bridge loan documents, and who did not authorize COBB or DAVIS to use their identities in that manner.

8. As a further part of the scheme to defraud, COBB and DAVIS caused the investors to use the mail and interstate wires to send funds to DM Financial for purported bridge loan investments, but diverted the investors' money to unauthorized uses including, but not limited to, payments for the personal benefit of COBB and DAVIS, such as rent, restaurants, travel, and cash withdrawals at casinos.

9. As a further part of the scheme to defraud, COBB made periodic "interest payments" to investors to lull them into believing that their money had actually been invested in bridge loans and that the borrowers were performing their purported obligations to pay interest.

COUNT ONE: (18 U.S.C. § 1349 – Conspiracy to Commit Mail and Wire Fraud)

10. Paragraphs 1 through 9 are realleged and incorporated as if fully set forth here.

11. From in or about 2009 to approximately December 2012, in the Northern District of California and elsewhere, the defendants,

DIANE COBB and
PAUL SLOANE DAVIS,

did conspire to commit offenses against the United States, namely, mail fraud, in violation of 18 U.S.C. Section 1341, and wire fraud, in violation of 18 U.S.C. Section 1343.

All in violation of Title 18, United States Code, Section 1349.

COUNTS TWO THROUGH FIVE: (18 U.S.C. §§ 1341 and 2 – Mail Fraud and Aiding and Abetting)

12. Paragraphs 1 through 9 are realleged and incorporated as if fully set forth here.

13. On or about the dates set forth below, in the Northern District of California and elsewhere, the defendants,

DIANE COBB and
PAUL SLOANE DAVIS,

for the purpose of executing a material scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by omission and concealment of material facts, did knowingly cause the mail matter listed below to be deposited, sent, and delivered by the United States Postal Service and interstate carrier:

Count	Approximate Mailing Date	Description
2	February 9, 2011	\$57,000 check from ST to DM Financial for purported loan to MF
3	March 11, 2011	\$43,800 check from ST to DM Financial for purported loan to TD
4	June 28, 2011	\$52,000 check from SB to DM Financial for purported loan to JP
5	May 30, 2012	\$51,000 check from ST to COBB for purported loan to CC

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNTS SIX THROUGH FOURTEEN: (18 U.S.C. §§ 1343 and 2 – Wire Fraud and Aiding and Abetting)

14. Paragraphs 1 through 9 are realleged as if fully set forth herein.

15. On or about the dates set forth below, in the Northern District of California and elsewhere, the defendants,

DIANE COBB and
PAUL SLOANE DAVIS,

having devised and intending to devise a material scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire, radio, and television communication in interstate commerce certain writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, as set forth below:

Count	Approximate Wire Date	Amount	Description
6	February 11, 2009	\$37,000	interstate wire from JP to DM Financial for purported loan to JF
7	June 8, 2009	\$91,000	interstate wire from JP to DM Financial for purported loan to JC and DW
8	August 27, 2009	\$32,500	interstate wire from RA to DM Financial for purported loan to unnamed borrower
9	March 24, 2010	\$43,000	interstate wire from AC to DM Financial for purported loan to NM
10	March 26, 2010	\$45,000	interstate wire from AC to DM Financial for purported loan to DW
11	November 12, 2010	\$40,000	interstate wire from PN to DM Financial for purported loan to unknown borrower

Count	Approximate Wire Date	Amount	Description
12	September 20, 2011	\$20,000	interstate wire from ES and KS to DM Financial for purported loan to MA
13	October 5, 2011	\$27,000	interstate wire from LL to DM Financial for purported loan to MA
14	February 8, 2012	\$61,000	interstate wire from LL to DM Financial for purported loan to AN

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS FIFTEEN THROUGH TWENTY: (18 U.S.C. §§ 1028A(a)(1) – Aggravated Identity Theft)

16. Paragraphs 1 through 15 are realleged as if fully set forth herein.

17. On or about the dates set forth below, in the Northern District of California and elsewhere, defendant DIANE COBB, during and in relation to violations of 18 U.S.C. §§ 1341 and 1343, as set forth in Counts Four, Six, Nine, Twelve, Thirteen, and Fourteen, did knowingly possess and use, without lawful authority, a means of identification of another person, knowing that the means of identification belonged to another person, as set forth below:

Count	Approximate Date	Description
15	February 13, 2009	Promissory note and trust deed reflecting name of purported borrower JF (Count Six)
16	March 31, 2010	Promissory note and trust deed reflecting name of purported borrower NM (Count Nine)
17	June 27, 2011	Email reflecting name of purported borrower JP and describing bridge loan investment (Count Four)
18	September 27, 2011	Promissory note and trust deed reflecting name of purported borrower MA (Count Twelve)
19	October 5, 2011	Promissory note and trust deed reflecting name of purported borrower MA (Count Thirteen)
20	February 1, 2012	Email reflecting name of purported borrower AN and describing bridge loan investment (Count Fourteen)

FORFEITURE ALLEGATION: (18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c))

18. The allegations in paragraphs 1 through 17 and the factual allegations in Counts One through Twenty of this Indictment are realleged and fully incorporated here for the purpose of alleging

forfeiture pursuant to the provisions of 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c).

19. Upon a conviction of any of the offenses alleged in Counts One through Twenty, the defendants,

DIANE COBB and
PAUL SLOANE DAVIS,

shall forfeit to the United States all property constituting and derived from proceeds traceable to violations of 18 U.S.C. § 1341 (Mail Fraud), as alleged in Counts One through Five, and 18 U.S.C. § 1343 (Wire Fraud), as alleged in Count One and Counts Six through Fourteen of this Indictment.

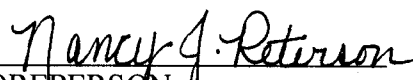
20. If any of the forfeitable property, as a result of any act or omission of the defendant:

- (A) cannot be located upon the exercise of due diligence;
- (B) has been transferred or sold to, or deposited with, a third party;
- (C) has been placed beyond the jurisdiction of the Court;
- (D) has been substantially diminished in value; or
- (E) has been commingled with other property which cannot be divided without difficulty;

any and all interest defendant has in other property, up to the value of the forfeitable property described above, shall be vested in the United States and forfeited to the United States pursuant to Title 21, United States Code, § 853(p), as incorporated by Title 28, United States Code, § 2461(c) and Rule 32.2 of the Federal Rules of Criminal Procedure.

DATED: October 31, 2013

A TRUE BILL


FOREPERSON

MELINDA HAAG
United States Attorney


J. DOUGLAS WILSON
Chief, Criminal Division

(Approved as to form: )
AUSA Thomas E. Stevens

INDICTMENT